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West Bountiful, UT 84087



September 27, 2002

Federal Trade Commission

FTC, Office of the Secretary, 600 Pennsylvania Ave., N.W., Washington, D.C. 20580

**Subject: Conoco Inc., Phillips Petroleum Company Merger DOCKET
NO. C-4058**

My name is Jody C. Wager, and I'm a PACE Union Representative for Local 8-578 at the Phillips Petroleum Company, Woods Cross, Utah refinery. I'm writing in regards to the FTC mandate that Phillips Petroleum Company divest the Woods Cross, Utah refinery and it's implications on the employee's working for the facility. There are many issues on people's minds concerning the sale and how their futures will be impacted. This is creating a distraction that is making it difficult for employee's to perform their jobs in a safe, effective manner. Phillips Petroleum Company offers a benefit called the Work Force Stabilization plan. It's purpose is to increase morale, sense of security and productivity of the work force by providing eligible employees with certain benefits if they are laid off during the two year window period which results when:

- Shareholders approve a reorganization, merger, consolidation or sale of the company, and certain conditions are not met. **

(Other conditions are mentioned but do not apply to this complaint.)

The plan describes which employees are eligible to receive this benefit and which are not. The most recent copy of the plan dated March 12, 2002 specifically states that any member of a recognized or certified collective bargaining unit unless coverage under the plan is included under the collective bargaining agreement is not eligible. A copy of the plan dated January 1, 1999 does not have this statement. Both copies indicate that changes to the plan will not be effective until two years after the date the amendment is adopted. At present, it is almost seven months since the plan, it is assumed, was amended to not include bargaining unit employee's participation in the plan. According to the plan this amendment should not be exercised until March 12, 2004.

As part of our Contract agreement, Article VII Security Plans and Benefits, **SECTION 2.** The conditions, rules, and regulations of such security plans and benefits as established by Phillips Petroleum Company shall determine all questions arising there under. The Company shall make detailed information covering the provisions of such security plans and benefits available to the employees through the Refinery Office. Full information concerning the provisions of these security plans and benefits shall be furnished in writing to the Chairman of the Workmen's Committee. *

This was not done as per our agreement. Our complaint is; the Company has announced that non-represented employees will receive the benefits of the plan. Represented collective bargaining unit employees will not receive benefits of the plan. The general conception is that Phillips Petroleum Company changed the language in the plan to deny participation of Union employees with the intent to merge with Conoco, Inc knowing that the plan would be utilized as a result of the acceptance of a proposed merger. They did not inform the Union of the changes made to the benefit plan and they are not honoring the provision in the plan that states that amendments in the plan will not take affect until two years after the amendment is inserted into the plan. Our Contract Agreement with Phillips Petroleum Company lists the Layoff Plan as a recognized benefit and it is viewed that the Work Force Stabilization plan is a supplement to the Layoff Plan. We feel that we are entitled to the benefits of the Work Force Stabilization plan, that we are eligible, and that all divested employees are not be treated equally and fairly. We also believe that Phillips Petroleum Company is not fulfilling their obligations per Docket No. C-4058 of the Order To Hold Separate And Maintain Assets order. The customary 10% annual base wage bonus and 15% annual base wage bonus offered is not viewed sufficient to ensure that current employees will not seek other employment opportunities or retirement before the sale is completed and the new owner has taken control of the asset. Our view is that receiving the Work Force Stabilization plan benefit in addition to the bonus is a reasonable compensation to remain employed at the Woods Cross, Utah Refinery for the duration of the sale and the year that follows after the facility has changed ownership. We feel that immediate attention is necessary for a satisfactory resolution to this issue to ensure that all employees at the facility feel secure enough about their futures to continue their job duties without distraction and to perform them in a safe efficient manner. Any assistance the Federal Trade Commission can offer in settling this issue will be greatly appreciated.

Thanks,

Mr. Jody C. Wager

* *Quoted from page 38, Article 7 SECURITY PLANS AND BENEFITS, Section 2, or the Contract Agreement between Phillips Petroleum Company Woods Cross, Utah Refinery and Paper, Allied – Industrial, Chemical & Energy Workers International Union and it's Local No. 8-578*

** *Quoted from page 4, Participating in the Plan from the Phillips Petroleum Company WORK FORCE STABILIZTION plan.*



WORK FORCE STABILIZATION

Summary Plan Description
Phillips Petroleum Company
March 12, 2002

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This booklet is the summary plan description for the Work Force Stabilization Plan of Phillips Petroleum Company. Claims, participant rights, plan administration, and other provisions mandated by the Employee Retirement Income Security Act of 1974 (ERISA), as amended are contained in this booklet. If there is any conflict between this booklet (or other administrative materials) and the official plan documents, the official plan documents will govern. Nothing in this booklet creates an employment contract between Phillips Petroleum Company or its subsidiaries and affiliates and any employee. Phillips reserves the right to amend or terminate any plan at any time, at its sole discretion, according to the terms of the plan.

About the Work Force Stabilization Plan

~~Purpose of the Plan~~

~~The purpose of the Work Force Stabilization Plan of Phillips Petroleum Company (Phillips) is to increase the morale, sense of security and productivity of the work force by providing eligible employees with certain benefits if they are laid off during the two-year window period which results when:~~

- ~~• Someone (other than Phillips, its subsidiaries or benefit plans) acquires, other than directly from the company, beneficial ownership of 20 percent or more of Phillips' voting stock; or~~
- ~~• The current Board of Directors (or the duly elected successors nominated or approved by them) no longer represent a majority of the Board; or~~
- ~~• The company is completely liquidated; or~~
- ~~• Shareholders approve a reorganization, merger, consolidation or sale of the company; and certain conditions are not met.~~

The *plan* also is intended to satisfy and compromise any alleged employment-related claims against the *company* (other than those for benefits under Worker's Compensation statutes or the Phillips Layoff Plan or Phillips Petroleum Company Executive Severance Plan, or allegations of unfair labor practices) as a result of employment being terminated.

About this Booklet

This booklet describes benefits available to you under the Work Force Stabilization Plan of Phillips Petroleum Company. It is the Summary Plan Description of the *plan* that is required by the Employee Retirement Income Security Act of 1974, as amended (ERISA). You should read this booklet carefully, share its contents with your family, and keep it for future reference. If you have questions not answered here, contact your Human Resources representative for further information.

This booklet does not include all of the details of the *plan*. All rights and obligations of the *company* and all covered *employees*, beneficiaries or other claimants are governed solely by the terms of the official text of the *plan*. A copy of the official text of the *plan* is available upon request to the Plan Administrator or your Human Resources representative. The *company* has retained the right to amend, modify, or terminate the *plan* in accordance with its terms.

To Obtain More Information About the *Plan*

Active employees, retirees and former employees should telephone Phillips Central Administration — Retirement Services, Monday through Friday, 8 a.m. to 10 a.m. and 1 p.m. to 5 p.m. Central Time, at the following numbers.

661-5500 (Bartlesville area)

1-800-622-5501 (Outside Bartlesville area)

You can also reach Retirement Services by writing to them at:

P. O. Box 5555
Bartlesville, OK 74005-5555
or by email at: ppcoret@ppco.com

Glossary of Terms

To understand the Work Force Stabilization Plan, it is important that you are familiar with certain terms used in this booklet, which have been given special meaning to describe *plan* benefits. These terms are italicized in the booklet.

- **Active employee:** This is a regular full-time employee or regular part-time employee on the *company's* direct U.S. dollar payroll on the *coverage date* or hired during the *window period*. (Employees of retail marketing stores or outlets owned by or operated directly or indirectly by the *company* or a subsidiary or affiliate of the *company*, and Pipe Line Relief Labor Pool employees are excluded.) You are not an active employee if you are on a leave of absence unless the leave of absence is a family/medical leave or inactive employee status, or you are on military leave and are reemployed by the *company* during the *window period*.
- **Company:** This is used to refer to Phillips Petroleum Company and all other companies which have adopted this *plan*. (See page 4 for the list of Phillips subsidiaries covered by the *plan*.)
- **Coverage date:** This is the earliest date on which:
 - A person, group or other entity (other than the *company*, its subsidiaries or its employee benefit plans) acquires, other than directly from the *company*, 20 percent or more of the beneficial interest in Phillips voting stock; or
 - The current members of the Board of Directors, or the duly elected successors nominated or approved by them, are no longer a majority of the directors serving on the Board; or
 - The shareholders of the *company* approve of a complete liquidation or dissolution of the *company*; or
 - The shareholders of the *company* approve a reorganization, merger, consolidation or sale or other disposition of all or substantially all of the assets of the *company* or the acquisition of the assets of another entity, unless following such shareholder approved transaction:
 - Phillips shareholders prior to the transaction hold 60 percent or more of the stock and voting securities of the new company, and
 - No person or entity (other than benefit plans) beneficially owns more than 20 percent of the new company's stock and voting securities, and
 - A majority of the new company's Board of Directors were directors of Phillips prior to the transaction.
- **Employee family unit:** This is a family in which both the husband and wife are *employees* of the *company*.

- **Layoff or laid off:** This refers to a situation in which an *employee's* employment with the *company* is terminated during the *window period* for any reason other than voluntary termination, death or termination for cause. Additionally, an *employee* will be considered *laid off* if he or she terminates following a reduction in *week's pay* (excluding overtime), or a reduction in job responsibilities, or is terminated as a consequence of refusing a transfer to a location in excess of the distance required under the Internal Revenue Code to claim a moving expense deduction (currently 50 miles) unless the move is covered by the *company's* moving policy. An *employee* will **not** be considered *laid off* if he or she is retained in the employment of the *company*.
- **Offset amount:** This is the amount of layoff pay benefits, if any, to which a *participant* is entitled, after offsets for pay in lieu of notice, under the terms of the Phillips Layoff Plan or Phillips Petroleum Company Executive Severance Plan.
- **Participant:** This is an *active employee* of the *company* who is *laid off* and who is entitled to benefits under this *plan*.
- **Plan:** This is the Work Force Stabilization Plan of Phillips Petroleum Company.
- **Primary residence:** This is the *participant's* principal place of residence. For *employees* outside the United States, the *primary residence* is his or her home at the current work location, if it is owned by the *employee*. If the *employee* does not own a residence at the current overseas location, his or her home in the United States is considered the *primary residence* if it is still owned by the *employee*.
- **Week's pay:** In the case of a salaried *employee*, this is the regular monthly salary rate, including any remuneration for overtime, divided by 4.3333. In the case of an hourly paid *employee*, this is for a regularly scheduled workweek, plus remuneration for any overtime. In both cases, an *employee's week's pay* will be determined based on the highest rate paid during the *window period*. (Overtime is defined as regularly scheduled overtime plus an average of the prior 12 months' nonscheduled overtime and other premium pay.) *Week's pay* includes one-twelfth (1/12) of the greater of the last Performance Incentive Program (PIP), Annual Incentive Compensation Plan (AICP) payment received, or the target PIP or AICP award for the year in which layoff occurs, divided by 4.3333. *Week's pay* is also determined without regard to elective salary or wage reductions under the Thrift Plan of Phillips Petroleum Company, Long-Term Stock Savings Plan of Phillips Petroleum Company, Phillips Petroleum Company's Flexible Spending Plan, Key Employee Deferred Compensation Plan, reductions for base military pay received while on active duty during special operation "Enduring Freedom," or plans in which before-tax reductions of a similar nature are made.
- **Window period:** This is the period that begins on the *coverage date* and ends two years later.
- **Year(s) of service:** These are the years of recognized, continuous service that would have been completed during the year the *employee* was *laid off*, as determined by the Service Recognition Program described in the approved Employee Relations Policies (or in a similar document of a *company* that has adopted the Work Force Stabilization Plan of Phillips Petroleum Company.)

Participating in the Plan

Eligibility

You become a *participant* and are eligible to receive benefits if you meet all of these conditions:

- You are *laid off* during the *window period*.
- You are an active regular full-time or active regular part-time *employee* of Phillips or one of the participating subsidiaries on the *company's* direct U.S. dollar payroll. ~~The following groups of employees are not eligible to participate:~~
 - Retail marketing store or outlet personnel;
 - Any employee of Phillips Pipe Line Company whose job is in the Pipe Line Relief Labor Pool;
 - ~~Any member of a recognized or certified collective bargaining unit unless coverage under the plan is included under the collective bargaining agreement;~~ and
 - Tosco heritage employees notified of layoff prior to Dec. 7, 2001.
- You have executed and delivered to the Plan Administrator (or a designated representative) a general release in a form acceptable to the *company*. The release must be received by the 60th calendar day after date of *layoff*. If the 60th day is not a business day at your work location, the release must be received by the next business day. The release must remain unrevoked at all times through, and including, the date you receive full payment of benefits from this *plan*. Upon request, the deadline for return of the release may be extended in those instances where an extension is necessary, in the determination of the Plan Administrator, to resolve or clarify matters relating to the scope or coverage of the release. An extension may not be granted solely to extend the time benefit payments would otherwise be due under the terms of the *plan*.

Employees of Phillips Petroleum Company and the following subsidiaries, not otherwise excluded, are authorized to participate:

Circle K Stores Inc.	Phillips Utility Gas Corporation
Phillips Coal Company	Tosco Commercial Inc.
Phillips Expatriate Services Company	Tosco Corporation
Phillips Gas Pipeline Company	Toscopetro Corporations
Phillips Investment Company	Tosco Pipeline Company
Phillips Petroleum International Corporation	Seagas Pipeline Company
Phillips Pipe Line Company	WesTTex 66 Pipeline Company
Phillips Retail Marketing Corporation	

From time to time, the *company* may authorize participation in the *plan* by employees of other subsidiary or affiliated companies and may at any time prior to *coverage date* withdraw the authorization for participation by any one or more subsidiary or affiliate companies.

Benefit Determination

If you have satisfied the eligibility requirements (see above), the *company* will pay you the following benefits under the Work Force Stabilization Plan:

- A lump-sum payment equivalent to four *weeks' pay* for each *year of service*, with a minimum benefit of 16 *weeks' pay* and a maximum benefit of 104 *weeks' pay*. Benefits paid either to you, or for you, will be reduced by the benefit to which you're entitled under the Phillips Layoff Plan or Phillips Petroleum Company Executive Severance Plan.

Examples of Benefit Calculation

Here are some examples that show how to determine your benefit from the *plan*. (Amounts assume the general release has been signed and have been rounded to the nearest dollar for these examples only.)

- (1) Joan has worked continuously for the *company* since being hired Dec. 2, 1999. Her present monthly salary rate is \$2,600. Joan satisfies all of the rules of the *plan* and is *laid off* on Oct. 15, 2002. She is eligible for 4 *weeks' pay* for each *year of service* that would have been completed in 2002 less an *offset* of benefits paid from the Phillips Layoff Plan. Her benefit is calculated as follows:

\$ 600	(<i>week's pay</i> = \$2,600 divided by 4.3333)
X 16	(4 <i>years of service</i> x 4 weeks)*
\$9,600	(total benefits payable from this <i>plan</i> and the Phillips Layoff Plan)
- 7,500	(<i>offset amount</i> from Phillips Layoff Plan = \$600 x 12.5)**
\$2,100	(total benefit payable from this <i>plan</i>)

* In this example, Joan is entitled to the minimum benefit of 16 *weeks' pay* (less the *offset amount*) even though she would have completed only three *years of service* in 2002.

** Benefits payable from the Phillips Layoff Plan are presently calculated as two *week's pay* per full year of service as determined under that plan, with a 12.5 week minimum if an employee signs a release of claims. Since three *years of service* were completed and the employee signed the release, the amount payable from that plan is equal to 12.5 *weeks' pay*, the minimum benefit.

- (2) Martin has worked continuously for the *company* since Feb. 9, 1978. His monthly salary rate is \$3,250. He is *laid off* on Nov. 15, 2002 and has satisfied all the rules of the *plan*. Martin is eligible for 4 *weeks' of total layoff pay* per *year of service*, less benefits payable from the Phillips Layoff Plan. His benefit from this *plan* is calculated as follows:

\$ 750	(<i>week's pay</i> = \$3,250 divided by 4.3333)
X 96	(24 <i>years of service</i> x 4 weeks)
\$72,000	(total benefits payable from this <i>plan</i> and the Phillips Layoff Plan)
- 42,750	(<i>offset amount</i> from Phillips Layoff Plan = \$750 x 57)
\$29,250	(total benefit payable from this <i>plan</i>)

- (3) Joe has worked for the *company* continuously since Oct. 1, 1974. His monthly salary rate is \$4,875. He has satisfied all of the rules of the *plan* and is *laid off* on Dec. 1, 2002. He is eligible for 4 *weeks' of total layoff pay* for each *year of service*, less benefits payable from the Phillips Layoff Plan. His benefit is calculated as follows:

\$ 1,125	(<i>week's pay</i> = \$4,875 divided by 4.3333)
X 104	(26 <i>years of service</i> x 4 weeks)*
\$117,000	(total benefits payable from this <i>plan</i> and the Phillips Layoff Plan)
- 67,500	(<i>offset amount</i> from Phillips Layoff Plan = \$1,125 x 60)**
\$ 49,500	(total benefit payable from this <i>plan</i>)

* Although Joe has completed 28 *years of service*, he is only entitled to \$117,000, less the *offset amount*, because the maximum benefit is 104 *weeks' pay*.

** The maximum benefit payable for the Layoff Plan is 60 *weeks' pay*.

Special Benefits

Home Sale and Lease Cancellation Assistance

Within six months of being *laid off*, you may submit a written request for the *company* to purchase your *primary residence*. (All parties who own an interest in the property must agree to the sale and you must move the distance required under the Internal Revenue Code to claim a moving expense deduction, currently 50 miles, to secure other full-time employment.) What you'll receive is an amount equal to the greatest of:

- The appraised value, as determined by two independent qualified appraisers selected by the *company*, one year prior to the *coverage date*; or
- The appraised current value, as determined by two independent qualified appraisers selected by the *company*; or
- The cost of new house construction, as determined by two independent qualified appraisers selected by the *company*, including allowances for depreciation, quality of construction, location, condition, etc.; or
- The value of the first mortgage, as it existed three months prior to the *coverage date* or upon the initial purchase of the residence if it is purchased within three months of the *coverage date*.

The purchase of your *primary residence* will be administered under the *company's* Home Sale Program in effect on the *coverage date*, unless otherwise directed by the Plan Committee. If you sustain a loss on the sale of your *primary residence* under this *plan*, you will receive an additional benefit equal to:

- 75 percent of the first \$20,000 in loss and
- 50 percent of the next \$50,000 in loss.

Whether you have sustained a loss will be determined by the following formula:

$$\begin{array}{r} \text{The original contract closing purchase price} \\ \text{Plus} \\ \text{The cost of any additions for habitable living space} \\ \text{Minus} \\ \text{The amount you are eligible to receive under the home sale assistance benefit} \\ \text{Minus} \\ \text{Any amount added to the home purchase price because of special financing} \\ \text{Minus} \\ \text{Deferred maintenance costs caused by lack of maintenance or abuse} \\ \text{Minus} \\ \text{Any reimbursements, credits, or adjustments, including private mortgage insurance.} \end{array}$$

For employees who lease a home, the *company* will reimburse any cancellation penalties, provided there is a written lease. To receive reimbursement, a *participant* must submit a written request no later than six months after being *laid off*. Security or damage deposits will not be reimbursed. An *employee family unit* can take advantage of the home sale assistance or lease cancellation provisions of the *plan* only once. The *company* will reimburse all reasonable legal fees incurred in enforcing your home sale or lease cancellation rights under the Work Force Stabilization Plan.

Health Plan Contributions

If you become a *participant*, you and your eligible dependents may continue your active employee health plan coverage options on the same terms and conditions as active employees and their dependents, for a period of time after your *layoff*. This *plan* will provide company contributions equal to eighty percent of the total premium for each covered health benefit for a period equal to one month for each *year of service*, with a minimum of six months and a maximum of eighteen months, plus the period, if any, of your pay in lieu of notice, as long as you continue to pay your twenty percent share of the total premium.

Plan Benefits Reduction

All of the above benefits will be reduced by government-required payments. Furthermore, benefits due under the *plan* may be reduced if, as a result of receiving such benefits (commonly called “golden parachute payments”), you would be subject to the excise tax on excess parachute payments imposed by federal tax rules.

Benefit Payments

How the Benefit is Paid

A lump-sum payment will be made as soon as practical after the date you become eligible for *plan* benefits, but no later than 30 days after your *layoff* date or the date you return an executed release to the Plan Administrator (whichever is later).

If you should die after the date your employment terminates, but before you receive the lump-sum payment to which you are entitled under this *plan*, the payment will be made to your surviving spouse, or to your estate if you were not married. No benefit will be paid under this *plan* if you should die after receiving a notice of *layoff*, but prior to your scheduled *layoff* date.

If you receive benefit payments from this *plan* and then are rehired on any basis, you do not have to pay back to the *company* any amount of benefits you might have been paid from this *plan*.

The benefits for which you may be eligible under the provisions for home sale or lease cancellation assistance, as well as reimbursement for any legal fees for which you may be entitled, will be paid in a lump sum no later than 90 days after you request payment.

Taxes Withheld from Payments

The *company* will withhold from your payments any amount required by law, or any amount resulting from garnishment, attachment or any other legal process (see Assignment of Benefits on page 9).

Future Benefits Eligibility

If you receive benefits under the Work Force Stabilization Plan and are rehired, you will again become eligible for benefits if you satisfy all of the eligibility rules under the *plan* (see Eligibility on page 4).

Plan Administration

Plan Identification Information

The name and address of the principal employer whose employees are covered is:

Phillips Petroleum Company
Bartlesville, OK 74004

Official Name of the *Plan*: Work Force Stabilization Plan of Phillips Petroleum Company

Plan Number Assigned By Company: 522

Type of Plan: ~~Layoff Welfare Plan~~

Effective Date: Nov. 7, 1988

Named Fiduciaries: Phillips Petroleum Company
Plan Administrator
Plan Committee

The Employer Identification Number for Phillips Petroleum Company is 73-0400345. You should refer to this number in all correspondence about the *plan* with the Department of Labor, the Internal Revenue Service or any other government agency.

Plan Administrator and Duties

The Vice President, Human Resources & Services, Phillips Petroleum Company, is the Plan Administrator. At present, this is Joseph C. High. The *plan* address is 5 D1 Phillips Building, Bartlesville, OK 74004. The telephone number is (918) 661-6199. The Plan Administrator is responsible for all duties specifically assigned to him by the *plan*, including the following:

- Determination of benefit eligibility and amount and certification of this to the *company*.
- Interpretation and administration of the *plan*, including resolution of ambiguities, inconsistencies and omissions.
- The initial finding of fact and resolution of disputes or claims, subject to review by the Committee.
- Compliance with all legal requirements relating to disclosure of *plan* benefits rights to *participants*.
- Maintenance of all records of the *plan* other than those required to be maintained by the Committee.
- Preparation and filing of all reports required to be filed by the *plan* with any governmental agency.
- Designation of other persons to assist in the performance of his fiduciary responsibilities.

Plan Committee

The *company* appoints a Committee and may designate alternate members. The address of the Committee is: 5 D1 Phillips Building, Bartlesville, OK 74004. The telephone number is (918) 661-6199. The Committee is responsible for the following:

- Establishing and enforcing reasonable regulations and procedures for the administration of the *plan*.
- Delegating administrative duties to selected persons.
- Interpreting and construing the *plan*.
- Reviewing appeals of claims decided by the Plan Administrator and making final decisions as to disputes and claims.

The Committee has absolute discretion in carrying out its responsibilities. All interpretations, findings of fact and resolutions described herein which are made by the Committee shall be binding, final, and conclusive on all parties.

Financing

The *company* pays the entire cost of the *plan* from its general assets. *Employee* contributions are not required or permitted.

The *company* holds all funds used to provide benefits under the Work Force Stabilization Plan. The benefits will not be funded through a trust agreement or guaranteed by an insurance contract issued by an insurance carrier. The *plan* is not insured by the Pension Benefit Guaranty Corporation, which does not insure welfare plans.

Assignment of Benefits

Benefits provided by the Work Force Stabilization Plan cannot be assigned, sold or transferred, in whole or in part; nor can they be used as security for loans. However, benefits are subject to garnishment, attachment, or other legal process. If benefits are garnished or attached by legal process, the *company* will pay the garnished or attached amount in accordance with the decree ordering the payment. The *company* is not required to investigate the validity of any decree, which, in its opinion, appears valid on its face.

Filing Claims Under the Plan

Benefits are paid once you have satisfied all of the rules of the *plan*.

If you believe that you are entitled to benefits, but do not receive them, you may file a claim. Any claim for benefits provided under this *plan* must be made in writing to the Plan Administrator. Should your claim be denied, in whole or in part, by the Plan Administrator, you will receive a written notice to that effect within 60 days after your claim is received, unless special circumstances require an extension of time for processing, in which case a decision will be made within a reasonable period of time, but not later than 120 days after receipt of a request. The notice will contain:

- The specific reason(s) for the denial.
- Specific references to provisions in the *plan* on which the denial is based.
- A description of any additional information that may be needed in further assessing your claim and an explanation of why such information is necessary.
- An explanation of the claim review procedures of the *plan*.

If you believe your claim has been improperly denied, in whole or in part, by the Plan Administrator, you may request a further review by writing to the Committee. You have the right to review all pertinent documents of the *plan* which relate to the claim and to submit issues and comments in writing.

If you appeal a denial, you must do so in writing within 60 days after receiving the written notice of denial. The Committee will then make the final decision regarding your claim. The Committee will rule on your appeal within 60 days of receiving it, unless special circumstances cause a delay. In this event, you will receive a final decision as soon as possible, but no later than 120 days after your claim has been received by the Committee.

The final decision of the Committee will be in writing. If the Committee upholds the original denial of your claim, in whole or in part, you will be given reason(s) for the continued denial.

Your ERISA Rights

As a *participant* in the Work Force Stabilization Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). These include the rights to:

- Examine, without charge, all *plan* documents, and copies of any documents filed by the *plan* with the U.S. Department of Labor, such as detailed annual reports and *plan* descriptions. This examination can take place either in the Plan Administrator's office or at other locations, such as work sites.
- Obtain copies of all *plan* documents and other *plan information* by making a written request to the Plan Administrator. A reasonable charge can be made for the copies.

In addition to assuring the rights of *plan participants*, ERISA imposes duties upon the people who operate the *plan* to do so in a prudent manner and in the interest of you, all other *plan participants* and beneficiaries.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way, to prevent you from obtaining a benefit or exercising your rights under ERISA. You must receive a written explanation if your claim for a benefit is denied in whole or in part. You also have the right to have your claim reviewed and reconsidered.

There are steps you can take under ERISA to enforce the above rights. For instance, if you request materials from the *plan* and do not receive them within 30 days, you may file suit in a federal court. In that case, the court may require the Plan Administrator to provide you with the materials and pay you up to \$110 a day until you receive them.

Should you be discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees.

If you have any questions about the Work Force Stabilization Plan, contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U. S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U. S. Department of Labor, 200 Constitution Avenue N. W., Washington, D. C. 20210.



Plan's Agent for Service

The person designated to receive service of legal process upon the *plan* is:

C. W. Lea
12 Adams Building
Phillips Petroleum Company
Bartlesville, OK 74004.

Service of legal process also may be made on the Plan Administrator or the Committee by serving C. W. Lea at the above address, or by serving the Plan Administrator or Committee at 5 D1 Phillips Building, Bartlesville, OK 74004.

Plan Changes or Termination

The *company* has the right to amend or terminate the Work Force Stabilization Plan, in whole or in part, in accordance with the terms of the *plan*. Under those terms, any amendment that in any way reduces or adversely affects benefits will not be effective until two years after the date the amendment is adopted. Similarly, the *plan* may not be terminated until two years after the *company* has approved the termination. Should a *coverage date* occur, the *plan* may no longer be amended or terminated; it is locked in place until all benefits, if any, are paid.



PHILLIPS PETROLEUM COMPANY

5 A1 PHILLIPS BUILDING
BARTLESVILLE, OK 74004





WORK FORCE STABILIZATION

Summary Plan Description
Phillips Petroleum Company
January 1, 1999

Participating in the Plan

Eligibility

You become a *participant* and are eligible to receive benefits under these conditions:

- You are *laid off* during the *window period*.
- You are an active regular full-time or active regular part-time *employee* of Phillips or one of the participating subsidiaries on the *company's* direct U.S. dollar payroll. The following groups of employees are not eligible to participate:
 - Non-managerial retail marketing outlet personnel, and
 - Any employee of Phillips Pipe Line Company whose job is in the Pipe Line Relief Labor Pool.
- You have executed and delivered to the Plan Administrator (or a designated representative) a general release in a form acceptable to the *company*. The release must be received by the 60th calendar day after date of *layoff*. If the 60th day is not a business day at your work location, the release must be received by the next business day. The release must remain unrevoked at all times through, and including, the date you receive full payment of benefits from this *plan*. Upon request, the deadline for return of the release may be extended in those instances where an extension is necessary, in the determination of the Plan Administrator, to resolve or clarify matters relating to the scope or coverage of the release. An extension may not be granted solely to extend the time benefit payments would otherwise be due under the terms of the *plan*.

Employees of Phillips Petroleum Company and the following subsidiaries are authorized to participate:

Phillips Coal Company
Phillips Gas Pipeline Company
Phillips Investment Company
Phillips Petroleum International Corporation
Phillips Pipe Line Company
Phillips Puerto Rico Core, Inc. (if paid under Phillips International Salary Plan)
Phillips Retail Marketing Corporation (retail managerial employees only)
Phillips Utility Gas Corporation
Seagas Pipeline Company
WesTTex 66 Pipeline Company

In addition to being employed by one of the above companies, you must satisfy the eligibility requirements of the *plan* in order to receive benefits.

From time to time, the *company* may authorize participation in the *plan* by employees of other subsidiary or affiliated companies and may at any time prior to *coverage date* withdraw the authorization for participation by any one or more subsidiary or affiliate companies.

Benefit Determination

If you have satisfied the eligibility requirements (see above), the *company* will pay you the following benefits under the Work Force Stabilization Plan:

- A lump-sum payment equivalent to four weeks' pay for each year of service, with a minimum benefit of 16 weeks' pay and a maximum benefit of 104 weeks' pay. Benefits paid either to you, or for you, will be reduced by the benefit to which you're entitled under the Phillips Layoff Plan.